

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 174(FSH)
 (H) Publish Date: 3/29/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
 Title Annual commercial fishing permit RDU Comm. Fish Entry Commission
and vessel license fees Component Commercial Fisheries Entry
 Sponsor Representative Samuels Commission
 Requester House Fisheries Committee Component No. 471

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	2,300.0	2,188.2	2,081.9	1,980.7	1,884.4	1,792.8
-------------------------------	----------------	----------------	----------------	----------------	----------------	----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Passage of HB174 will not require additional expenditures or positions. It will provide for increased revenues generated by permit and license fees, though an exact amount cannot be determined at this time.

HB174 maintains the commercial fishing vessel licensing size classes in current law and statutorily establishes slightly higher annual fees for each class. This results in an estimated increase of approximately \$291,000 in annually generated revenue.

For commercial fishing permits, the bill maintains the directive that fees "must reasonably reflect the different

Continued on page 2

Prepared by: Shirley Penrose, Administrative Officer Phone 907-790-6960
 Division Commercial Fisheries Entry Commission Date/Time 3/21/05 12:55 PM
 Approved by: Frank M. Homan, Commissioner Date 3/21/2005
 Agency Commercial Fisheries Entry Commission

FISCAL NOTE #1

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSHB 174(FSH)

ANALYSIS CONTINUATION

rates of economic return for different fisheries,” and removes the \$300 base fee cap in current law. The current fee cap artificially holds fees down in the highest-earning fisheries and results in those fisheries paying fees that are disproportionately lower.

While passage of HB174 would not, in itself, change annual permit fees, the removal of the \$300 maximum base fee effectively authorizes CFEC to implement a fairer fee schedule that more truly meets the statutory mandate that fees are to reflect the earnings in respective fisheries. By allowing fees for high-end fisheries to fall where they naturally would under a fully proportional formula, the regulatory fee structure CFEC intends to propose under provisions of HB174 would result in an estimated annual increase of approximately \$2.1 million in revenues to the state.

The change from a “per permit” nonresident fee differential to a single annual nonresident surcharge (necessitated by recent rulings in the Carlson v. State of Alaska class action), results in an annual estimated decline of about \$67,000 in revenue.

In combination, the various revisions made by HB174, and the regulatory framework CFEC intends to propose to implement the provisions of the bill, would likely result in an overall annual increase in revenues generated by commercial fishing permits and vessel licenses of about \$2.3 million.

Due to steadily declining revenues, CFEC (a receipt supported agency) expects to be in a deficit situation in FY06 or FY07 without passage of HB174. While passage of the bill will likely increase revenues enough to provide revenues to the General Fund above the current cost of CFEC’s budget in the next few years, total revenues generated by CFEC fees are expected to continue declining. This is due to economic difficulties in some fisheries (particularly salmon fisheries) resulting in their falling into lower annual permit fee classes, and to ongoing decreases in the number of permits and vessel licenses issued annually. This decrease in participants is due to many factors, including fewer permits being issued after each fishery limitation; consolidation in federally- managed fisheries licensed by the state; and cancellation of nontransferable permits as holders of those permits die or retire. Thus, the amount of revenue generated by CFEC fees, and the cost of funding CFEC’s operating budget, will likely converge again in coming years.

Because of the uncertainty of future events and the downward trend in our revenues, we have shown the anticipated revenue this bill may produce to decrease at 4.86% per year, which is our current calculated rate of decline.